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TAGS: [PREL](#) [PGOV](#) [PHUM](#) [ECON](#) [EUN](#) [TU](#) [CY](#)
SUBJECT: GREEK CYPRIOTS CONVICTED OF FRAUD IN CASE ON
TURKISH PROPERTY

REF: NICOSIA 1505 AND PREVIOUS

Classified By: Ambassador Ronald L. Schlicher, reasons 1.4 (b) and (d).

11. (SBU) On September 12, a court in Paphos found six Greek Cypriots guilty of illegally selling Turkish Cypriot-owned properties in the south. The conviction, which could bring the defendants up to fourteen years in prison each, results from an investigation dating back to the year 2000. The defendants, who include municipal officials from the village of Kato Pyrgos and the ROC's district land registry, were found to have operated a scheme to obtain false deeds for property belonging to Turkish Cypriots (the vast majority of whom fled north after the 1974 war), and then resell the land to property developers, who in turn passed it off to unsuspecting buyers. The six were found to have made well over USD 1 million through such sales.

12. (C) This story has received muted coverage in the south, but has been highlighted in the Turkish Cypriot press as evidence that the Greek Cypriots are also guilty of property-related sins. The Turkish Cypriot lawyer who represents several of the owners (who, while not parties in the Paphos criminal case brought by the Cyprus AG, are nonetheless interested observers) told us that she and her clients would seek compensation for their usurped land. She added that this case, although a particularly egregious example of fraud, represented the "tip of the iceberg," since Turkish Cypriot property in the south was frequently used by the state or others without compensation or permission. Turkish Cypriot legal complaints over property -- including one recently filed against the ROC at the ECHR -- would multiply, she promised.

COMMENT

13. (C) This case highlights an inherent contradiction in the ROC's approach to the most complicated aspect of the Cyprus problem: property. On one hand, ROC officials and individual Greek Cypriots have insisted in court, with much success, that Turkey and the Turkish Cypriots must immediately honor the rights of pre-1974 owners seeking restitution of, or compensation for, their property in the north (reftels). On the other hand, Turkish Cypriot property in the south (which is a small fraction of the total area under the GOC's control, but often concentrated in high-value tourist areas and urban centers), is treated differently. Pending a solution to the Cyprus problem, the rights of the Turkish Cypriot owners are deferred and the property remains under the control of the Ministry of Interior, which -- according to the "Guardianship" Law -- holds the land in trust, looks after it, and ostensibly pays rent or compensation into a trust fund whenever the property is used or expropriated.

14. (C) This case suggests, however, that Turkish Cypriot critics are correct when they charge that the Guardianship

Law does not always protect their rights as property owners.
Many legal observers on both sides of the Green Line agree
that the ROC will eventually need to reform the way it
handles Turkish Cypriot property if it is to live up to the
same European standards to which it insists Turkey be held.
END COMMENT.
SCHLICHER